

October 28, 2016

***Ex Parte* Notice**

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RE: Mobility Fund Phase II (WC Docket No. 10-90; WT Docket 10-208)

Dear Ms. Dortch:

CoBank submits this *ex parte* filing in support of the efforts to adopt policies and rules for Phase II of the Mobility Fund (“MF-II”) that specifically recognize the need to promote 4G LTE deployment that will cover areas of agricultural operations. CoBank concurs with the October 11, 2016 *ex parte* filed by Deere & Company (“Deere”)¹ that outlines the public interest of the universal service principle that advanced telecommunications and information services should be available in all areas of the nation.

CoBank’s mission is to serve rural America.² Our customers’ ability to thrive and compete in a world market place depends on reliable and affordable essential services – water, electric, telephone and broadband.

CoBank’s customers include local, regional and national agricultural cooperatives, rural communications, energy, water and waste disposal systems, Farm Credit associations and other businesses serving rural America. CoBank has more than \$4.4 billion in loan commitments to more than 150 communication companies nationwide, including local exchange carriers, cable, wireless, fiber transport and data centers. In addition, CoBank has syndicated \$2.7 billion in communication loans to others in the Farm Credit System. The Farm Credit System is a unique cooperative network of borrower-owned lending institutions that is exclusively dedicated to improving life in rural America.

¹ *Ex Parte*, FCC, from Deere & Company (October 22, 2016)

² CoBank is a \$110 billion cooperative bank serving vital industries across rural America. The bank provides loans, leases, export financing and other financial services to agribusinesses and rural power, water and communications providers in all 50 states. The bank also provides wholesale loans and other financial services to affiliated Farm Credit associations serving farmers, ranchers and other rural borrowers in 23 states around the country. CoBank is a member of the Farm Credit System, a nationwide network of banks and retail lending associations chartered to support the borrowing needs of U.S. agriculture and the nation's rural economy. Headquartered outside Denver, Colorado, CoBank serves customers from regional banking centers across the U.S. and also maintains an international representative office in Singapore.

CoBank firmly believes that a sustainable cost-recovery mechanism is imperative to support the financing of rural broadband in high cost areas, including rural broadband coverage to agricultural areas. The importance of broadband to farming operations should not be underestimated. CoBank's publication, "Farmers Harvest Gigabytes with Broadband and Wireless Technology"³ addresses this specific topic in great detail. Access to broadband has huge implications for farm productivity and profitability.

As the rules for MF-II are being developed, CoBank urges the Federal Communications Commission ("FCC") to recognize the importance of mobile coverage for cropland. CoBank concurs with the recommendations outlined by Deere for the FCC to begin measuring the cropland areas that lack wireless broadband and that could be eligible for MF-II support. MF-II is a valuable tool to provide the level of support to companies to deploy broadband to cropland areas.

CoBank would like to reemphasize the importance of MF-II and other Universal Service Fund ("USF") programs to support the deployment of broadband to high-cost rural areas. Without a sufficient, sustainable predictable level of support, deploying affordable broadband in high cost areas is not economically viable and; therefore, not financeable. In addition to the high costs associated with constructing broadband infrastructure in rural areas, there are ongoing costs associated with maintaining and upgrading these networks to accommodate growth of data traffic. The broadband network is a dynamic infrastructure, subject to frequent technological advances that require upgrades and capital spending.

CoBank continues to urge the FCC to take on the task of reforming contributions to the USF. The current mechanism for contributions by consumers to the USF is outmoded and does not reflect current and future use of communications networks and services by consumers. The current contributions mechanism is in a death spiral. In recent years, fewer consumers are contributing a much higher percentage of their communications bill than was ever envisioned. Implementing a USF contributions mechanism that reflects the consumer broadband usage and current broadband network construction and operation costs will bring contribution percentages down while providing the funds needed for a bright broadband future.

For rural residents, farmers and businesses that need broadband capacity to support the current and future demands of commerce, health care, education, energy and public safety, the cost of supporting a stable communications backbone to enable the use of wireless, voice and data application should be shared by all those who benefit from America's agricultural economy. Americans have prospered from the principle that universally available and affordable telephone service benefits rural, urban and suburban residents. The cost of not supporting universal service for broadband will far exceed the cost of providing it.

³ <http://www.cobank.com/Knowledge-Exchange/Centers-of-Excellence/~media/Files/Searchable%20PDF%20Files/Knowledge%20Exchange/2016/Farmers%20Harvest%20Gigabytes%20Report%20%20Mar%202016.pdf>

CoBank again thanks the FCC for their ongoing efforts to transition the USF's support of rural broadband. Thank you for your consideration of our comments.

Respectfully submitted,

COBANK, ACB

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